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ABSTRACT

Recommendations are made for the correction and collection of Veterans Administration overpayments of educational benefits. They include: improved compliance surveying; updates on overpayments balance reports to the states; identification of schools liable for overpayments; notification of veterans of their obligation to report training status changes; testing of automated monitoring of status changes; decreased special payments; increased and monitored stoppayments; improved efficiency of cash collection letter and followup schedule; revision of eligibility letters; improvement of information on overpayment collection costs; increased use of on-campus resources to identify and correct overpayments; faster collection action on special payments resulting in overpayment. (MSE)

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ED156054

REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Further Actions Needed To Resolve VA's Educational Assistance Overpayment Problem

During the 3-½ years ended December 1975, the Veterans Administration made educational assistance overpayments of about $1.3 billion to veterans and their dependents. Of this, $298.2 million remained uncollected.

GAO's March 1976 report recommended ways to alleviate this problem.

As of June 30,1977, overpayments identified by VA totaled $2.5 billion, of which $462 million remained uncollected.

Further corrective actions are needed.

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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HRD-78-45

FEBRUARY 17, 1978

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-133044

The Honorable William Proxmire
Chairman, Subcommittee on HUD-
Independent Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

Your September 22, 1976, letter requested that we make a followup review on what steps the Veterans Administration has taken on the recommendations in our report, "Educational Assistance Overpayments, a Billion Dollar Problem--A Look At The Causes, Solutions and Collection Efforts" (MWD-76-109). You also requested that we review other actions VA may have taken to control this problem. In response to that request, this report identifies the trend in overpayments since March 1976 and recommends further actions needed to implement our earlier recommendations.

We provided you with certain information on the results of our review prior to VA's appearance before your Subcommittee in March 1977. Although we furnished the agency with a draft of our report for comment in September 1977, we had not received its written comments at the time the report was forwarded for final processing. As your office directed, we are issuing our report without such comments in order that we may provide you with the the results of our review prior to VA's appearance before your Subcommittee in February 1978.

As arranged with your office, we are sending copies to the Office of Management and Budget, the House and Senate Committees on Veterans' Affairs, the Administrator of Veterans Affairs, and other interested parties.

Sincerely yours,

Comptroller General
of the United States

REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES

FURTHER ACTIONS NEEDED TO RESOLVE VA'S EDUCATIONAL ASSISTANCE OVERPAYMENT PROBLEM

D I G E S T

In March 1976 GAO issued a report to the Congress on the overpayment of educational assistance benefits by the Veterans Administration (VA). During the 3-1/2 years ended December 31, 1975, overpayments totaled almost $1.3 billion, of which $446 million was overpaid in fiscal year 1975 and $412 million in the first 6 months of fiscal year 1976. Of this, $298.2 million remained uncollected on December 31, 1975.

At VA's Los Angeles regional office, overpayments were caused by (1) delays in reporting training changes, (2) the issuance of special payments, (3) poor VA processing practices, and (4) the prepayment and advance payment provision of the VA educational assistance law.

GAO indicated that if VA concentrated on eliminating or minimizing the causes of overpayments, its need for an elaborate, expensive collection system would be lessened. Also, part of VA's 1976 supplemental appropriations for making benefit payments might not have been needed had the overpayments outstanding been available to VA.

GAO made recommendations to VA for reducing delays by veterans and schools in reporting training status changes, reducing processing delays or errors, reducing special payments, improving normal processing time, and improving VA collection actions on overpayments.

VA agreed to implement most of the recommendations. A recent followup by GAO disclosed that as of June 30, 1977, VA had identified $2.5 billion in educational assistance overpayments to veterans and dependents. Overpayments remaining uncollected as of June 30, 1977, amounted to

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more than $462 million, an increase of over $32 million since June 1976. (See ch. 2.)

Additional actions are still needed on many of GAO's March 1976 recommendations. Following are the actions VA has taken to implement GAO's recommendations and the additional actions needed.

--VA has made improvements in its compliance survey program. However, action is needed to acquire additional compliance survey specialists and to assure that compliance survey reports identify the underlying causes of deficiencies noted. (See p. 8.)

--State approving agencies responsible for approving schools and monitoring the school's compliance with VA requirements have been furnished a listing showing the amount of overpayments made to veterans enrolled in each school within the State. This listing should be changed to show accurate current balances of overpayments. Also, VA should provide these agencies with guidance on using the listing and on how to correct problems. (See p. 15.)

--VA has increased its assessments of overpayments against schools negligent in reporting training status changes. In view of lawsuits challenging VA's authority in this area, it should identify schools which appear to be liable for overpayments so that prompt collection action can be taken if its authority to assess school liability is upheld. (See p. 18.)

--Veterans are being notified of their obligation to report training status changes promptly. (See p. 26.)

--VA conducted a pilot program for automating the processing of status changes, but the test was not representative of its operations. Another test, which considers costs and benefits, should be made. Also, the results of the test conducted by VA indicates that action is needed to reduce the incidence of erroneous data from schools. (See p. 28.)

--The number and amount of special payments made by VA has decreased. To further reduce the use of special payments, VA should assure itself that such payments are limited to proven hardship cases. (See p. 31.)

--The use of teletype notices to stop overpayments has increased. VA's efforts in this area could be further improved if regional offices submitted monthly statistics on the number of stoppayment notices sent and if the regions determined when stoppayment notices should be made by telephone. (See p. 33.)

--VA has improved or is improving the efficiency of its Centralized Accounts Receivable System in processing cash collection actions and in responding to inquiries from those overpaid. (See p. 36.)

--Plans have been made to revise the initial collection letter to explain overpayments and to reduce the period between the mailing of the first and second collection letter. VA should implement these improvements immediately. (See p. 39.)

--Letters notifying veterans of eligibility and awarded benefits have been revised to refer to overpayments outstanding. (See p. 41.)

--A system is being developed to provide comprehensive data on overpayment collection costs. A date should be established for completing this system. (See p. 41.)

The following GAO recommendations had not been implemented by VA. GAO is recommending that VA:

--Increase the use of its on-campus resources in identifying and correcting overpayments. Schools should be encouraged to use work study students for this important function. (See p. 23.)

--Improve the timeliness of collection actions on special payments resulting in overpayments. Collection action should be initiated sooner on overpayments resulting from special payments. (See p. 43.)

VA was furnished a copy of this report in September 1977 but did not provide written comments in time for inclusion in the report needed by the Committee prior to hearings in February 1978.

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ABBREVIATIONS

CARS	Centralized Accounts Receivable System
GAO	General Accounting Office
SAA	State approving agency
VA	Veterans Administration
Vet-Rep	Veterans Representative on Campus

CHAPTER 1

INTRODUCTION

Veterans Administration (VA) educational assistance programs authorized by 38 U.S.C., chapters 31, 34, and 35, provide funds for tuition and general living expenses to veterans and eligible dependents while in training.

These programs have grown substantially since they began. For example, the Veterans Educational Assistance Program (38 U.S.C., ch. 34), by far the largest of the three programs, provided about $305 million to fewer than 500,000 veterans and service personnel during fiscal year 1967, its first full year of operation. During fiscal year 1976, VA disbursed $5 billion to some 2.8 million veterans and service personnel. Also, in 1967 the minimum amount of assistance for veterans with no dependents attending full-time education programs at colleges or universities was $100 a month. Today a veteran in similar circumstances receives $311 monthly.

To improve the timeliness of benefit payments and services, the Congress enacted Public Law 92-540 in October 1972 to provide an initial advance payment--up to 2 months of assistance at the start of each school year--and prepayment of regular monthly benefits. Our March 19, 1976, report on educational assistance overpayments 1/ stated that the advance and prepayment systems had been major factors contributing to the enormous growth in overpayments. Because of this, the Congress provided, through enacting the Department of Housing and Urban Development-Independent Agencies Appropriation Act of 1977 (Public Law 94-378, Aug. 9, 1976), that advance payments be limited to veterans or eligible persons specifically requesting them. The act also provided that effective June 1, 1977, prepayment of regular monthly benefits no longer be allowed.

VA guidelines for implementing this act provide that advance payments be made only if the veteran or eligible person requests such payment and if VA finds that the educational institution has agreed to and can satisfactorily carry out the advance payment provisions of the law.

1/"Educational Assistance Overpayments, a Billion Dollar Problem--a Look at the Causes, Solutions, and Collection Efforts" (MWD-76-109, Mar. 19, 1976).

PROGRAM ADMINISTRATION

VA administers the educational assistance programs through the Department of Veterans Benefits at its central office in Washington, D.C., which is supported by 59 regional offices. Two centralized support groups also help administer the programs--data processing centers at Hines, Illinois, and St. Paul, Minnesota.

A computerized master record file for each veteran, serviceperson, and dependent who has received or is receiving educational assistance is kept at Hines. This file includes data on eligibility, entitlement, and benefit payments. The regional offices provide most of the basic data for the Hines files. Individual case files with source documents are kept at the regional offices. A master payment tape, also maintained at Hines, shows the amount of monthly benefit payment for each individual.

The St. Paul center keeps the Centralized Accounts Receivable System (CARS). This computer-supported system for centralized cash collection of all educational assistance overpayments from persons who have terminated their training became fully operational in January 1975. In establishing CARS, VA anticipated reducing staff and other administrative costs by centralizing and automating functions previously performed manually at the regional offices. If VA had concentrated on eliminating or minimizing the causes of overpayments, the need for an elaborate, expensive collection system would be lessened.

VA also contracts with State approving agencies (SAAs), almost always at least one agency in each State, to act as its agents in approving schools and courses for VA benefits and annually evaluating such things as curriculum, course instruction, grading policy, and reporting systems at approved schools. Also SAA personnel must make annual supervisory visits to schools to determine whether they have and are implementing satisfactory standards for gaging student academic progress. VA paid SAAs about $12.1 million for these services in fiscal year 1976 and estimated that payments in fiscal years 1977 and 1978 would be about $14.4 million and $15.1 million, respectively.

GENERAL REPORTING PROCEDURES FOR VETERAN STATUS CHANGES

The amount of an individual's monthly VA educational assistance payment is determined partly by his or her current course load. Therefore, once enrolled in school, a student

making any change in training status, such as adding or dropping courses or terminating enrollment, must report this promptly to VA.

The student is the first link in the reporting chain. His or her prompt action is essential to timely reporting. The student with a change of status is to report this to his or her school, which in turn is to communicate the change to the proper VA regional office within 30 days. Regional office personnel review claim folders for accuracy of information submitted and send the status change input document to Hines. There the student's master record file is adjusted to reflect the change, and the computer generates a supplemental award letter to the student showing the change in benefits.

If the student does not report changes to school officials, the school is still responsible for promptly identifying these and reporting them to VA. For these and other services, schools are paid a $7 annual reporting fee for each enrolled veteran or dependent.

CHAPTER 2

OVERVIEW AND PRINCIPLE CAUSES OF OVERPAYMENT PROBLEM

Before fiscal year 1973 overpayments were a relatively minor problem in VA's educational assistance programs. However, starting in fiscal year 1973, overpayments increased dramatically, posing a serious problem requiring immediate action by both VA and the Congress.

Overpayments identified by VA during the 6 years ended June 30, 1972, totaled $128 million. However, in the following 3-1/2 years, VA discovered additional overpayments totaling about $1.3 billion. Despite VA's efforts to centralize its collection procedures, the amount of overpayments outstanding continued to grow rapidly. As of December 31, 1975, overpayments outstanding totaled $298.2 million, an increase of $78 million (35 percent) in 6 months. At that time we estimated that overpayments outstanding would total $376 million at June 30, 1976. Actual overpayments outstanding as of June 30, 1976, totaled $430 million. We indicated that funds outstanding as a result of overpayments are unavailable to VA in making educational assistance payments to eligible persons and that part of the additonal $2 billion requested above its appropriation for fiscal year 1976 might not have been needed had the overpayments outstanding been available to VA.

Our March 1976 report said that in VA's Los Angeles region the primary cause of the overpayment problem had been the untimely reporting to VA by veterans and schools of status changes that reduce or terminate monthly educational assistance payments. Other causes were VA processing problems, special payments, and congressionally authorized multiple-month advance payments and monthly prepayments of monthly educational assistance benefits. Our report included matters for consideration by the Congress, as well as recommendations to VA for reducing overpayments and improving collections.

We suggested that the Congress consider amending 38 U.S.C. 1780 to (1) require persons desiring advance payments to submit a financial need statement for VA use in determining their eligibility for such payments and (2) return to a postpayment system for paying educational assistance benefits.

In August 1976 the Congress enacted Public Law 94-378, which, effective June 1, 1977, eliminated the prepayment of monthly educational assistance benefits and restricted the issuance of advance payments to persons specifically requesting them. These actions should significantly reduce overpayments.

We reported that in accordance with 38 U.S.C. 1784, VA had paid schools $3 per year for each veteran and dependent on their rolls as of October 31. This fee was established in 1967 and was to cover the cost of administrative activity and the preparation of required reports. According to officials at schools visited, $3 was insufficient to cover this cost.

In view of the delays in school reporting and school officials' comments about the inadequacy of the $3 fee, we recommended that VA reevaluate the adequacy of statutory school reporting fees as an incentive for timely reporting of training status changes and, if necessary, propose amendatory legislation to the Congress.

Through enacting the Veterans' Education and Employment Assistance Act of 1976 in October 1976 and the GI Bill Improvement Act of 1977 in November 1977, the Congress amended 38 U.S.C. 1784 to increase the annual reporting fee to $5 and $7, respectively.

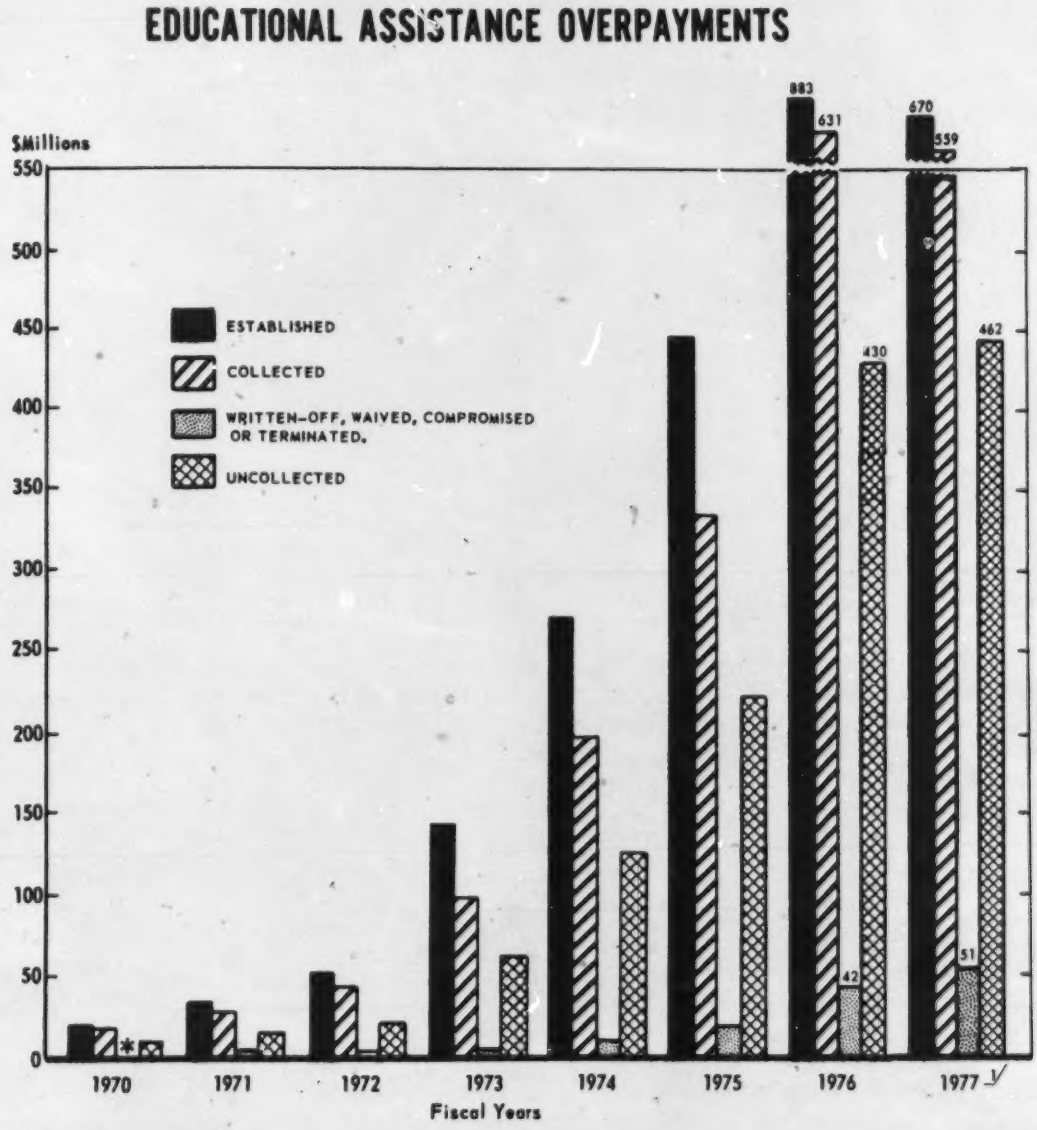
Our recommendations focused on ways to improve veteran and school reporting of status changes, improve VA processing procedures, and strengthen VA collection efforts. VA generally agreed with our recommendations and indicated it would implement several of these. It said legislative considerations and lack of adequate computer capability may prevent it from implementing a few of the recommendations.

In accordance with the September 22, 1976, request of the Chairman, HUD-Independent Agencies Subcommittee, Senate Appropriations Committee, we reviewed VA's actions to implement the recommendations and tried to determine if VA had taken other actions to reduce its overpayment problem.

VA has taken action to reduce, identify, and collect overpayments since the issuance of our March 1976 report. However, because overpayments have continued at an alarming rate since then, additional actions are needed. The increase in the amount of overpayments may be due, in part, to VA's emphasis on identifying overpayments.

INCREASE IN OVERPAYMENTS

The following graph shows the increase in overpayments during fiscal year 1970 through June 30, 1977.



1/ For period July 1, 1976, through June 30, 1977.

* $731,029

As the graph shows, overpayments have continued to exceed collections each year. Overpayments detected during the 12 months ended June 30, 1977, amounted to $670 million, a decrease of more than $213 million from fiscal year 1976. From fiscal year 1970 to 1976, overpayments detected increased from $18 million to $883 million (over 4,800 percent), while veterans in training increased 129 percent and total educational assistance benefits paid to veterans increased 413 percent.

In addition, overpayments continue to represent an increasing percentage of total benefits paid by VA, as follows:

FY	Benefits paid	Overpayments identified	Percent
	(millions)		
1967	$ 305	$ 2.0	0.7
1968	467	7.9	1.7
1969	689	16.3	2.4
1970	1,033	17.9	1.7
1971	1,657	33.0	2.0
1972	1,960	50.8	2.6
1973	2,726	142.4	5.2
1974	3,252	269.0	8.3
1975	4,401	446.3	10.1
1976	5,300	883.4	16.6
1977 (note a)	3,912	670.1	17.1

a/July 1976 through June 1977.

CHAPTER 3

VETERANS AND SCHOOLS NEED TO REPORT TRAINING STATUS CHANGES MORE PROMPTLY

Our March 1976 report said that veterans and the schools shared responsibility for reporting training status changes to VA promptly. We reported that about 41 percent of the overpayment amounts we sampled had resulted from the untimely reporting of changes in status by veterans and the schools.

The six schools visited took an average of about 67 days from the effective date of a status change to notify VA. During our followup, we visited two schools included in our prior analysis to determine if the time for reporting status changes had been reduced. The schools have become more timely in reporting status changes, as follows:

School	Elapsed days (note a) Average	Median	Range
Junior college--A	(70.6) 51	(69) 50	(3 to 127) 15 to 92
State university	(50.6) 22	(41) 18	b/(-12 to 248) 15 to 90

a/Figures in parentheses are from March 1976 report.

b/Negative days occurred in cases about which VA was notified before the effective dates of the status changes.

We made recommendations to the Administrator of VA for improving the reporting of student status changes. Following we discuss these and what VA has done to implement them. VA has implemented some of the recommendations, but it needs to do more.

IMPROVEMENTS NEEDED IN VA'S COMPLIANCE SURVEYS

VA's regional offices have compliance survey specialists who visit selected schools to verify and insure the propriety of educational assistance payments to veterans. For each school visited the specialists have a preselected sample of up to 50 cases of persons who have received VA benefits while attending the school. These cases, selected without regard to whether they involve overpayments, are verified with school records to insure the accuracy and validity of benefit payments.

Our March 1976 report said that during fiscal year 1975, the four Los Angeles schools with the highest overpayment balances had compliance surveys with reports concluding that the schools were generally complying with VA reporting requirements. This occurred despite the high overpayments and the delays we noted in status change reporting at the schools.

Officials at the schools said the specialists had not evaluated their reporting procedures nor suggested improvements to the reporting systems. They said no formal reports of survey findings had been issued to the schools. VA's Los Angeles regional office compliance specialists acknowledged that, unless they found serious deficiencies in the propriety of assistance payments when verifying sample cases with school records, reporting procedures generally were not evaluated.

We also reported that with its limited resources for compliance surveys, VA should focus on the major sources of overpayments. VA could concentrate its surveys at about one-fifth of the schools and thus attack reporting problems that contribute to 68 percent of the overpayments. We recommended that VA emphasize improving the timeliness of school reporting through more frequent, comprehensive compliance surveys at schools, particularly those with large balances of overpayments.

VA responded that in December 1975 it had revised its schedule for compliance surveys to require more surveys. All colleges and universities with 300 or more eligible persons and 25 percent of those with fewer than 300 were to be surveyed annually. Also, in some cases when schools had severe deficiencies, total audits of records have occurred, which involved many weeks at one school. Thus VA said it had increased both the number of compliance surveys and their depth. A continuation of this approach would enable VA to notify schools of reporting deficiencies. VA hoped to accomplish this during calendar year 1977 by using new training guides and by increasing emphasis on the problem.

Our followup has shown that VA has not completed the number of surveys shown on the December 1975 schedule, largely because of staff shortages. Also, while actions are underway to improve the quality of the surveys, VA still needs to emphasize determining the causes for deficiencies. A VA list showing the number and amount of overpayments at each school has been used only minimally by regional offices. Indications are that during surveys VA has emphasized the

need for schools to submit status change documents promptly. Finally, VA has been giving schools guidance and assistance on the overpayment problem, but indications are that this has not always been effective.

Efforts to increase and improve compliance surveys

A VA central office official told us that while the central office has not changed the scope of compliance surveys, it has increased the number of surveys and with the establishment in calendar year 1976 of a compliance survey unit, it hopes to improve their quality. The unit consists of four people who are to:

--Provide training for regional office compliance specialists.

--Follow up on the completeness of compliance surveys.

--Perform compliance surveys at problem schools.

He said the main objective of the unit is to train and assist regional office compliance survey teams. During our review the unit was drafting a training manual.

The official also said that the regional offices as a whole could not meet the new schedule requirements for compliance surveys during the last half of fiscal year 1976 because of staff shortages and the number of institutions requiring complete audits. National statistics showing the extent to which VA was able to perform required surveys during the transition quarter and fiscal year 1977 follow.

	Transition quarter	FY 1977
Scheduled	5,970	14,656
Performed	3,301	a/11,318
Difference	2,669	3,338

a/Projection for fiscal year 1977 based on actual of 6,602 from October 1, 1976, through April 30, 1977.

Public Law 94-502 requires that VA have 1 compliance specialist for each 40 surveys to be conducted. The central office thought this was a reasonable ratio, as long as the other duties of the specialist were not increased significantly.

Three of the six regional offices visited needed more staff to comply with the ratio. At least two of the three regions supplemented their compliance survey staffs with part-time personnel from Veterans Services Divisions at the regions. The central office stated that as of February 1977 VA needed about 396 specialists to meet the ratio. Considering the current staffing of 206 specialists, it needed about 190 additional specialists. After efforts failed to get authorization from the Office of Management and Budget to request an increase in staffing by 150 and 204 for fiscal years 1977 and 1978, respectively, VA considered requesting funding for 104 specialists for fiscal year 1978; however, this was not done as VA decided that such personnel could be obtained through reductions in other programs as suggested by the Office of Management and Budget.

Periodically the VA central office performs a desk review of selected compliance survey files from VA regional offices. Generally, the purpose of these quality reviews is to verify that the regions are following VA survey guidelines and procedures.

Our analysis of such reviews showed that they were more procedural than substantive and usually did not adequately address the quality of the surveys. The most common deficiencies were of a procedural nature, e.g., failure to use or improper use of forms or form letters. The reviewers' comments did not address the fact that compliance specialists were not identifying underlying systems problems, making recommendations, and following up on whether the problems had been corrected.

Also, at the locations we visited, VA did not document or flow chart the reporting and control systems used by the schools. Since schools' reporting systems are frequently so complex that the compliance specialists do not have time to fully understand them and to make a thorough evaluation to identify systems problems, they cannot readily determine whether schools have corrected problems. VA must rely on subsequent surveys to establish whether effective changes have been made.

VA regional officials stated that more indepth compliance surveys are often difficult to achieve because sufficient staff is not available to spend ample time at each school.

Regional offices and compliance surveys

Comments from officials at four of the six regional offices visited indicated that three offices have increased the scope of their compliance surveys. Officials at these three regions also mentioned that these factors were contributing to improved quality of compliance surveys:

--Rescinding regional policy to rotate compliance survey specialists to other positions.

--Increasing experience of specialists.

--Increasing emphasis on regional training of specialists.

Officials at the regional office not having a change in scope believed that one was not necessary because the survey approach was basically sound.

We reviewed survey reports for two regional offices visited and three not visited. Surveys do not consistently develop the causes for discrepancies in school records and procedures even though a VA directive provides:

> "Each discrepancy will be evaluated as to the probable causes and seriousness. The survey specialist should describe the action taken at the educational institution or training establishment and should develop recommendations for further action."

As a result, appropriate corrective action is often not taken and discrepancies remain, which allow overpayments to continue.

We reviewed 51 reports on compliance surveys performed during 1976 and 1977 by the 5 regions. Forty-four of the reports showed discrepancies. Only 10 of these stated causes for the discrepancies. However, some reports emphasized the need for the institution to preclude the recurrence of the discrepancies. This approach is not as effective as the full development and discussion of the cause. However, it is better than simply making suggestions to correct the deficiencies.

At two regional offices visited, we analyzed survey reports for 67 colleges having 2 or more surveys between 1975 and early 1977. At 28 of these the same types of

discrepancies were identified on subsequent surveys as on the initial ones.

We found no evidence that the specialists had determined, recommended, and followed up on actions required to correct causes of the discrepancies. In analyzing the 28 original survey reports, we noted that:

--In 10 instances VA had suggested that the schools preclude recurrence of the discrepancies.

--In five instances VA had required the institutions to correct the discrepancies but had not mentioned the need to correct their causes.

--In 10 instances VA had given the schools the discrepancy data but had not required responses.

--In the remaining three instances VA had not provided any written data to the institutions.

Further, in the most recent surveys at the 28 institutions, we noted that causes are still not being addressed and in only 10 instances had VA requested that recurrence of the discrepancies be prevented.

We also found a lack of uniformity in the training of compliance specialists in the regions visited. Some offered no classroom training at all. For those that had such training, it ranged from 3 to 10 days. The training given generally followed VA's directive on compliance surveys and "Training Guide for Conducting Compliance Surveys." The directive and training guide require the specialist to report the probable cause of discrepancies to schools, but they do little or nothing to guide the specialist on how to identify cause. The pitch is toward how to determine if there is a deficiency but not why it occurred.

VA is revising the training guide. The official responsible for doing this recognized that VA needed to emphasize the determination of cause of discrepancies and indicated that this would be considered in revising the training guide. He indicated that VA had discussed the determination of cause in its regional training sessions, but that this needed to be increased. Regional officials said they have relied primarily on on-the-job training for compliance specialists.

Three of the six regions visited seemed to be focusing on schools with large balances of overpayments. However, only one of the six made more than minimal use of the list showing the number and amount of overpayments sent out by the central office. Basically the regions believed the list was inaccurate and useless. Two of the other regions indicated that they focus on schools which currently have problems reporting training status changes, not those which formerly had such problems. Since large balances of overpayments do not necessarily mean that a school has a reporting problem, these regions did not use the list. (See p. 15 for a further discussion of the list.)

Officials at 9 of 11 schools visited indicated that specialists emphasized the timely submission of status change documents during their surveys. Also the regional offices visited have apparently furnished guidance and assistance to schools on the overpayments problem through circulars and regulations, seminars, and special visits to schools.

It is not clear whether these actions represent a substantial increase in efforts to provide guidance and assistance to schools on overpayments, but SAA and school officials in two of the States indicated that these have not been effective. They said that VA had not been responsive to their questions and that during meetings there had been no real dialogue. Some officials have not been willing to make policy decisions apparently because they are not aware of the central office positions. One VA regional director said that a certain amount of confusion and lack of direction was understandable with the rush that occurred to implement Public Law 94-502.

Conclusions

VA has been scheduling more compliance surveys in response to its December 1975 survey schedule, but it cannot hope to adequately perform them until it increases the survey staff to comply with the 1:40 ratio. Use of part-time staff to supplement the survey staff has been a necessary stopgap measure, but optimum surveys can be performed only with a full component of trained, full-time specialists.

Surveys have been deficient as a tool to reduce overpayments because specialists have not consistently developed causes for discrepancies at schools. Therefore, appropriate action often is not taken to reduce overpayments. This lack of emphasis on determining causes has occurred, at least in part, because

--specialists do not spend enough time at schools to determine causes,

--in reviewing survey reports, the VA central office has not emphasized that specialists have not determined causes, and

--VA training and guidance for specialists have not emphasized the need for determining causes and how to it.

Aside from this problem, the quality of surveys has been or will be increased because of the establishment of a central office survey unit and regional office actions.

The regional offices visited almost always focused on schools with large balances of overpayments or problems reporting training status changes. (See p. 18 for conclusions regarding use of the overpayment list.)

Specialists have been emphasizing the timely submission of status change documents at almost all schools we visited. Also the regions provided guidance and assistance to schools on the overpayment problems. In doing this VA needs to be more responsive to SAAs' and school officials' questions regarding overpayments.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator:

--Acquire enough full-time compliance survey specialists to make comprehensive surveys.

--See that the central office notifies the regions when their survey reports indicate that causes of deficiencies were not determined.

--See that the central office survey unit performs all its functions as soon as possible.

INCREASE GUIDANCE TO AND COOPERATION WITH SAAs ON OVERPAYMENT PROBLEMS

VA contracts with SAAs across the country to review school credentials and performance. This review includes the schools' reporting of training status changes to VA. SAAs are required to report any discrepancies in veterans' training status and problems to VA. On the basis of these reviews, VA approves the payment of benefits to eligible persons attending these schools.

Our March 1976 report stated that VA officials of the Los Angeles regional office had said that they relied heavily on the SAA to evaluate school procedures for reporting status changes. However, SAA officials told us they generally do not have time to evaluate these procedures, but if they knew of significant overpayment problems at a particular school, they could consider such a review.

We stated that VA should give SAAs periodic lists ranking the schools in terms of overpayments. This would help them identify and concentrate their efforts at schools with poor reporting practices. In a June 1970 report to VA, we recommended that such a list be provided to the SAAs in addition to schools and regional offices. VA agreed to do this. It subsequently provided such a list to its regional offices for over 2 years; however, the list was not sent to SAAs or schools.

Our March 1976 report recommended that VA increase guidance to and cooperation with SAAs on overpayment problems. VA responded that it recently had held a series of four regional workshops composed of VA central and regional office and SAA personnel. A significant item on the agenda was the reporting of status changes in conjunction with establishing standards of progress and SAA responsibility in connection with the reporting of status changes. Also VA stated that beginning in October 1976 its contracts with SAAs would provide for a minimum of one SAA visit a year to each institution furnishing approved courses. Finally, VA said it would prepare an overpayment list for delivery to regional offices and forwarding to the respective SAAs. If the list was found useful, it would be prepared and used semiannually.

Our followup has shown that VA issued lists in July and August 1976 and March 1977 showing the number and amount of overpayments established according to educational institution. The August 1976 list was to correct errors in the July 1976 list. The first two lists covered the period from January 1, 1975, to July 28, 1976, and the latter from July 1 to December 31, 1976. The March 1977 list provided national statistics on the average amount of overpayments and percent of overpayments to students, in addition to the information shown on the initial lists.

At the time of our followup, before March 1977, officials at VA regional offices and SAAs visited stated that they had received the lists but the SAAs had made little use of them in identifying and concentrating their efforts at schools with poor reporting practices. SAAs gave the following reasons for not using the list in this manner.

--It was assumed that the lists were for information purposes only.

--They lacked confidence in the comprehensiveness and accuracy of the list.

--The SAAs basically do not concern themselves with overpayment problems as such.

VA regional and SAA officials' criticism of the list included:

--It did not show the current balance of overpayments at a school. The balance represents an accumulation of overpayments from January 1, 1975, to June 30, 1976. Student repayments or offsets during this period were not considered.

--It did not show the causes of overpayments.

--It was inaccurate.

Regions and SAAs suggested that to help correct these deficiencies, the list be changed as follows:

--Issue it monthly so trends can be established.

--Age the overpayments monthly or quarterly so trends can be established.

--Show the causes of overpayments.

VA is evaluating the list to determine how it can be made more effective.

All the SAAs visited indicated that they had received little or no guidance on using the list other than a July 28, 1976, VA circular. This circular required that the causes of overpayments be determined by VA and SAAs. The regions and SAAs visited did not do this. VA has been providing workshops, information bulletins, circulars, meetings, etc., to SAAs since March 1976 to help meet their responsibility. Only two schools visited received substantial advice from an SAA on how to avoid overpayments.

Conclusions

Opportunities for alleviating the overpayments problem have been lost because the overpayments list issued by the VA central office has been used very little by the VA regional offices and SAAs visited to identify and concentrate on schools with poor reporting practices. The list has weaknesses. For example, more emphasis needs to be placed on accurate reporting of current balances of overpayments.

VA needs to increase its guidance to the regions and SAAs on use of the list. In particular, it needs to:

--Emphasize that the list is intended to be used only as an indicator of schools with potential reporting problems and that a determination of whether a problem exists can be made only at the school itself.

--Emphasize the importance of determining the causes of overpayments while at the schools.

We could not determine whether VA was effective in providing guidance to and cooperating with SAAs since March 1976 to help them meet their responsibilities regarding overpayments. However, due to the importance of this area, VA should be alert for opportunities to improve its guidance and cooperation. Especially, VA needs to encourage SAAs to advise schools on how to avoid overpayments.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator:

--Change the list to show accurate current balances of overpayments.

--Increase guidance to regions and SAAs on (1) how to use the list to find out which schools have reporting problems and (2) how to get problems corrected.

--Be alert for opportunities to improve its guidance to and cooperation with SAAs on overpayment matters.

INCREASE ASSESSMENTS OF OVERPAYMENTS AGAINST SCHOOLS

We reported that although VA is authorized to assess the full amount of an overpayment against a school negligent in reporting a status change, this authority had been infrequently exercised.

In May 1975 VA issued Circular #20-75-54 to all regional offices to clarify and emphasize its statutory and regulatory responsibility to assess schools. Nevertheless, the Los Angeles region did not assess liability against schools, and our analyses of 135 overpayment cases showed long delays by schools in reporting status changes. Because of VA's emphasis on the students' responsibilities to repay the overpayments, the schools have been generally unaffected by the overpayment problems of eligible persons on their campuses. We concluded that proper implementation of VA's May 1975 circular by assessing the schools for overpayments resulting from untimely reporting of status changes might motivate the schools to improve their reporting.

We recommended that VA increase assessments of overpayments against schools negligent in reporting status changes. VA commented that through the increase in compliance surveys according to the December 1975 schedule, it would be able to start increasing assessments of school liability. VA officials believed that they had the machinery to more frequently assess school liability. VA regional offices were instructed to give continuing attention to this matter.

During our followup, a VA central office official said he believed that VA was doing a better job assessing liability but that its collections of the assessments had not been good because schools had questioned whether they were actually liable for such overpayments. We found that lawsuits relating to the school liability issue have been filed against VA in three states. As a result of these lawsuits, VA has placed a moratorium on its efforts to recover overpayments from schools.

When an overpayment is created, the Adjudication Division at the regional office is to review the case to determine whether school liability exists. If it is determined there is prima facie evidence to establish that the school is potentially liable, the case is to be referred to the Finance Division for collection. The school is to be notified in writing of VA's intent to assess liability. The institution is to be advised that unless a written request for a hearing is filed within 30 days, a determination of liability will be made on the evidence of the record.

Institutions found liable for overpayments are to be notified of the decision and the right to request an administrative review of the decision within 60 days from the date the notice of the decision is mailed. A request for an administrative review will be submitted to VA's central office for liability determination by a board convened for that purpose. The board's decision serves as authority for instituting collection proceeding or for discontinuing actions.

The following tables show that nationally there has been a dramatic increase in assessments of school liability but little success in collecting these.

	Total school liability at beginning of month (note a)		Prima facie liability established		Cases submitted for liability determination		Cases having liability affirmed		Amount collected from schools
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	
		(000 omitted)		(000 omitted)		(000 omitted)		(000 omitted)	
1976:									
April	3,305	$ 4,456	4,766	$5,666	841	$ 930	255	$ 309	$13,314
May	8,006	9,782	5,117	4,662	1,037	806	264	293	2,055
June	12,523	13,971	6,679	5,506	1,794	1,389	465	444	5,251
July	18,290	18,911	9,371	5,754	2,831	2,515	552	493	3,120
August	26,577	23,994	7,082	5,752	6,609	5,590	2,201	1,537	6,653
September	32,495	28,601	5,349	5,464	7,747	4,637	5,602	2,551	5,171
October	35,497	32,015	4,448	3,634	1,793	1,800	405	403	4,108
November	37,972	33,862	1,280	1,005	3,637	3,275	530	438	9,896
December	36,496	30,118	1,400	1,382	1,797	1,429	630	415	2,494
1977:									
January	35,741	30,130	1,232	1,146	1,796	1,430	670	499	11,880
February	34,973	29,729	2,603	4,191	2,014	995	1,159	999	4,835
March	36,117	32,754	1,652	1,446	1,828	1,512	1,175	1,008	5,285

a/Composed of total confirmed school liability on hand and total alleged school liability in process.

As of March 31, 1977, total school liability was as follows:

	Number of cases	Amount (000 omitted)
Total confirmed school liability on hand	12,806	$ 8,383
Total alleged school liability in process	23,104	23,798
Total	35,910	$32,181

VA said that since December 1, 1975, it had recovered $86,675 from schools, or about 1 percent of confirmed liability.

The six VA regional offices visited had significantly increased their assessments of school liability since March 1976, but their collections were minimal. For example, one regional office had made no assessments before March 1976. From March through October 1976, it made 236 assessments for $122,990. Only $221 had been collected as of January 1977.

One region said the emphasis on assessments had occurred about May 1975 with the issuance of the VA circular to clarify and emphasize responsibility to assess schools. We were told it had been providing training to Adjudication Division personnel on assessing liability since March 1976. Another region apparently saw no need to place additional emphasis on assessing school liability because it said its assessment process had been the same since it began in December 1975.

Two regions indicated concerns about collecting assessments in view of the pending court cases against VA. One region said the schools in its State planned to appeal liability cases to VA and await the results of the court cases. Both regional offices questioned the validity of assessing liability against State schools which do not charge veterans tuition.

At one of these regions, the special assistant of the regional director recommended a moratorium on school liability until the system for assessing liability was improved. Officials at the other region suggested:

--Waiving past school liability for schools now complying with VA directives.

--Assessing school liability only from the date standards of progress were adopted.

During November 1976 the VA central office issued procedures for the VA field stations to follow in offsetting assessments of school liability against school reporting fee payments. Subsequently this program for offsetting was canceled by the central office. The central office said this program had been canceled pending the outcome of the two lawsuits against VA challenging the school liability provisions of the law. He said if the decision was favorable to VA, it would resume the program.

At one region we found that since this was the first time VA had used its authority to assess liability, the region had experienced difficulties enforcing a consistent legal approach to assessment that was effective and had expressed concern about the extent of central office guidance. Regional officials said they had asked the central office to comment on assessment actions taken but that it had been slow in responding. Another region said that VA kept changing the criteria for assessing liability.

An example of inconsistency in assessing school liability is in determining when there is prima facie evidence of school liability. At one region the Adjudication Division accumulates all late training status changes for all institutions. When late status changes accumulated are 1 percent of the veteran enrollment, a liaison visit is made to determine if this is due to reporting system or clerical error. If 2 percent is reached, prima facie liability is established and a notice of potential liability is forwarded to the school. At least two of the remaining five regions visited established prima facie evidence of liability on the basis of individual status changes rather than some overall percentage.

During January 1977 the Administrator of Veterans Affairs approved for implementation recommendations to

--consolidate and amplify guidelines for conducting central and field office school liability activities,

--clarify and reallocate responsibilities for school liability activities, and

--abolish the central office school liability review board and assign its school liability administrative review functions to the Director of Education and Rehabilitation Service and the Controller.

These recommendations were made as a result of a recent VA study of school liability. The study was made because of variances in the number of school liability cases and related dollar amounts among field stations. There was concern that these variances were due at least partly to variances in interpreting regulations and applying procedures and insufficient guidance. The central office said that implementation of these recommendations were pending the result of the lawsuits against VA regarding the assessment of school liability.

Five regions visited commented on the effects of the assessment of school liability. All believed this was an inducement to report training status changes more promtply. One region said that even if collections are not made, the objective for increasing assessments has been accomplished. The region said, and schools visited agreed, that the increased assessments had been a major inducement for schools to improve systems for detecting status changes.

Conclusions

There has been a dramatic increase in assessments of school liability but little success in collecting these. A significant reason for the low number of collections appears to be the question of whether VA has the right to make such assessments. Even though collections have been small, the assessment of liability has apparently helped avoid overpayments by providing schools an inducement to report status changes more promptly.

VA regional offices have received inadequate guidance from the central office on assessing liability. Implementation of the recommendations for improving school liability activities recently approved by the Administrator of Veterans Affairs should help resolve this problem.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator:

--Indentify schools which appear to be liable for overpayments so that prompt collection action can be taken if VA's authority to assess school liability is upheld in the pending lawsuits.

--Provide better guidance to regional offices on assessing liability.

INCREASE USE OF VA RESOURCES ON CAMPUS

Our March 1976 report stated that if given the opportunity and permission to do so, Veterans Representatives on Campus (Vet-Reps) could provide more valuable assistance to VA, the schools, and the veterans by helping to identify ways of improving the timeliness of the schools' status change reporting and thus reduce the overpayments at those

schools. Although some schools continued to restrict Vet-Reps' access to school records, we believed that initial objections to placing Vet-Reps on campus had generally subsided.

We also concluded that veterans participating in VA's work-study program on campus could help Vet-Reps and the schools expedite status change reports and identify ways to improve the schools' reporting procedures and practices. Accordingly, we recommended that VA increase the involvement of VA oncampus resources in identifying and correcting school reporting problems.

VA responded that it was using Vet-Reps on campus and work-study personnel for this purpose. It indicated that Vet-Reps had been establishing a rapport on campuses through frequent liaison meetings with school officials and that closer cooperation with schools along the lines we had recommended would become more evident as the Vet-Reps improved their value and further acceptance of the program was gained.

During our followup, VA central office officials said Vet-Reps and work-study students were assisting schools with reporting matters. They did not know the extent of their involvement as this depended on individual school policy. Some schools had restricted Vet-Rep involvement. The central office had not issued directives advising regional offices to encourage this involvement.

While testifying before the Senate Appropriations Subcommittee on HUD-Independent Agencies regarding VA's budget request for fiscal year 1978, the VA Deputy Administrator indicated that since last year's appropriation hearings, VA had consulted with the school community and found that it would strongly oppose any VA effort to use its Vet-Reps or other VA officials to identify and correct school reporting problems. Also he indicated that if the Vet-Reps did these things, the schools might have a defense against assessments of liability for overpayments because VA employees might have contributed to the overpayments.

During our followup review we found that five regional offices visited had not received any guidance from the central office since March 1976 regarding use of Vet-Reps or work-study students in helping schools identify and correct school reporting problems. Vet-Reps and work-study students have been involved in this function, but their involvement has been mixed. Also the willingness of the regions to encourage use of Vet-Reps for this purpose was mixed.

One regional office said it had encouraged Vet-Reps to become familiar with schools' reporting systems and to report any observations of potential reporting problems to regional supervisory personnel. Another regional office said Vet-Reps should not become involved in identifying and correcting school reporting problems, and they have not taken action to accomplish this. They believed the primary responsibility of the Vet-Reps is to serve the needs of the veteran and that this, in itself, is a full-time job. Schools, they said, might believe their responsibilities have been infringed upon if Vet-Reps become involved in their reporting systems.

Seven of the 12 schools visited did not favor involving Vet-Reps in the reporting process. Four schools indicated that the school liability issue precluded involving Vet-Reps in reporting status changes. Three others did not favor using Vet-Reps because they believed the monitoring of status changes was the school's responsibility.

Vet-Reps at three schools also were concerned about how their involvement in reporting would affect school liability. Vet-Reps at two others thought their involvement in reporting was detracting from their regular duties of helping the veterans.

The great majority of the schools visited were using work-study students to assist with reporting matters. There was some minor concern because of work-study veterans' lack of knowledge and motivation and erratic work schedules.

At the hearings for VA's 1978 budget request, VA was asked what it was doing to increase its use of work-study personnel when

--indications were that schools would rather use such personnel than Vet-Reps to identify and correct school reporting problems and

--it was proposing a reduction of 250 Vet-Reps during fiscal year 1978.

The VA Deputy Administrator indicated that VA had dramatically increased the use of work-study personnel in this area.

Conclusions

VA has not taken action since March 1976 to increase the involvement of VA oncampus resources in identifying and correcting school reporting problems. Apparently it has

no intention to encourage involvement of Vet-Reps because this would be strongly opposed by the schools and this might provide schools a defense against assessments of liability for overpayments. Schools basically favor using work-study personnel instead. Therefore, it seems that VA should consider encouraging schools to use these personnel in this way.

Recommendation to the Administrator of Veterans Affairs

We recommended that the Administrator encourage schools to use work-study personnel in identifying and correcting school reporting problems.

NOTIFY VETERANS OF THEIR OBLIGATION TO REPORT TRAINING STATUS CHANGES PROMPTLY

Our March 1976 report stated that failure to and delay in reporting status changes by veterans and other eligible persons were major causes of overpayments. We stated that to help alleviate the overpayment problems, VA should notify veterans of their obligation to report status changes promptly.

VA responded that it had done this by various notifications to veterans. For example, every original entrance or reentrance award letter sent to students attending institutions of higher learning or noncollege degree, apprenticeship, or on-the-job training programs contained a notice to inform VA of any status change. VA also included notices with education payment checks sent during November 1975 and March 1976 stating that VA must be informed of any status change. It indicated it was in constant liaison with schools to accomplish this and was making extensive use of Vet-Reps for this purpose.

During our followup we noted that original entrance or reentrance award letters sent to students contained notices that VA should be notified of changes in address, enrollment, or number of dependents. We were also advised that VA had included notices with the December 1976 education payment checks telling veterans to report immediately any status change. These notices were scheduled to be included with the November checks; however, VA delayed this 1 month in order to include notices with the November payments regarding a recent increase in educational benefits. In May 1977 VA began sending such notices quarterly instead of semiannually.

In August 1976 the central office gave all regional offices a sample letter to be sent to all schools within

their jurisdiction. This letter requested the assistance of school officials in informing veterans of their obligations while receiving educational benefits. Included was a handout to be distributed to veterans when they were given their advance payments. The handout stated that any reduction in training time and any other change in enrollment, program, or objective must be reported immediately to the appropriate school officials and to VA.

These appear to be the major VA actions to advise veterans of their obligation to report status changes promptly since our March 1976 report. The Vet-Reps in only one of the States visited had received additional guidance on this matter since our March 1976 report. However, Vet-Reps indicated they had been advising veterans of their obligation to report status changes.

School officials said they had not received any guidance from VA since March 1976 on notifying veterans of their obligation to report status changes. Most of these officials said they had advised veterans of the importance of reporting status changes.

Most of the veterans we interviewed had been advised of their responsibility to report status changes promptly.

Conclusions

Apparently VA has increased its effort to notify veterans of their obligation to report training status changes promptly. However, because of the continuing occurrence of overpayments, VA should continue to emphasize this obligation to veterans.

CHAPTER 4

OVERPAYMENTS CAUSED BY VA PROCESSING CAN BE REDUCED

Our March 1976 report stated that 12 percent of the overpayment amounts sampled had been caused by VA processing delays or errors. Such delays or errors resulted from the manual verification of training status changes by VA, the use of special payments and delays in transmitting stoppayment notices.

We made recommendations to the Administrator of VA for reducing VA processing delays and errors. Following we discuss these and what VA had done to implement them. VA has substantially complied with these recommendations, but it needs to do more to reduce delays and errors.

MANUAL VERIFICATION OF STATUS CHANGES SHOULD BE ELIMINATED

Our March 1976 report stated that when a status change is reported to a regional office, the student's claim folder is reviewed to verify the accuracy of data received from the school before such data is forwarded to the Hines data center for computer processing. We said that reviewing claim folders is time consuming and referred to a 1971 GAO report to the Congress 1/ which recommended that VA implement procedures so that, when possible, all data from status documents would be transmitted by the regional offices to Hines to be processed without referral to the claim folders. Our 1971 report concluded that, by eliminating manual verification, VA could accelerate the processing and disposition of status changes and save about $600,000 annually. Initially VA agreed to eliminate manual verification, and then decided not to.

Our 1976 report stated that on the basis of an updated test we had performed, we had determined that automated processing of status changes would have required an average of 10 days at the Los Angeles regional office; the normal average was about 17 days. By applying the 10-day processing

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1/"Further Action by Veterans Administration Could Reduce Administrative Costs and Improve Service to Veterans Receiving Educational Benefits," B-114859, July 8, 1971.

time to overpayment cases sampled, we determined that $7,333, or about 11 percent, of the $64,115 in total overpayments could have been avoided.

If the Los Angeles regional office had implemented our 1971 recommendation, an estimated $1.4 million in costs could have been avoided between July 1972 and December 1974. Such costs related to salaries, overtime payments, and general overhead. We did not compute the costs of manual verification at all regional offices; however, we believed that on the basis of our limited tests in the Los Angeles region, millions of dollars in administrative costs might have been avoided nationwide by automating the processing of status changes. We recommended that VA implement immediately a pilot program to automate processing of status changes.

VA responded that it would test this procedure at the field station level and then decide whether to implement it. During our followup the central office said this procedure had been tested at the regional offices in Montgomery, Alabama, and Pittsburgh, Pennsylvania, during May and June 1976. These locations had been selected, it said, because they would execute the test well since they were two of the better regional offices. After analyzing the test results, VA decided not to implement our recommendation because of the error rate experienced during the test.

VA's test consisted of selecting a total of 6,311 cases for automated processing. Of these, 1,518 required a review of folders before being sent to Hines because of inadequacies in the status change data from schools. Of the remaining 4,793 cases which went out directly to Hines, 2,225 were returned to the regional offices by Hines because of deficiencies in the status change data. The central office indicated that a large percentage of the status change data had to be compared with the folders because of errors made by the schools on the data.

VA said processing the cases returned by Hines had taken more time than if applicable folders had been reviewed initially and that this could have resulted in overpayments if the processing had been done near the cutoff date for Hines to accept the status changes. The remaining cases were processed through Hines without folders being reviewed. In its report on its test, VA did not consider the amounts of overpayments and administrative costs saved and incurred.

VA also processed 1,602 cases as a control group in the normal manner. Sixty-six percent of these were processed by the regions in 1 day. This compares with the average of about

17 days noted at the Los Angeles VA regional office during our 1975 review. VA indicated that (1) timeliness is not so important in processing status changes except when they are received at the regions just before the cutoff date for Hines processing and (2) with the 1-day processing for 66 percent of the cases as indicated by the control group, timeliness is not difficult to achieve.

To amplify the VA decision not to automate status change processing, the central office said automation would not result in a net savings to VA. It said that if existing procedures were properly implemented, the problem of late reporting of status changes would be resolved.

We believe that VA had inadequate information on which to base a decision regarding the implementation of our recommendation. Specifically:

--The regional offices selected to conduct the test were among the better regional offices. Therefore, their processing of status change documents, including the normal processing of 1,602 cases, might not have been representative of other regions.

--May and June might not have had typical volumes of status changes to process because they are at the end of the school year and most would have already made status changes.

--VA did not consider the costs and benefits of the approach being tested. For example, both administrative costs and overpayments may have increased because of status change documents being returned by Hines for additional processing as compared with what the situation would have been if the folders had been reviewed by the region initially. Also these same items may have decreased when cases were processed through Hines without the folders being reviewed.

However, VA concluded that our recommendation should be rejected because of the large error rate experienced during the test.

VA should work with schools to reduce errors on status change documents. Thereby it can reduce administrative costs and overpayments significantly. Also it should make another test which is more representative of typical VA operations and considers costs and benefits. During the test it should consider the costs incurred because of the erroneous school

data so that if it is determined not to be feasible to automate because of the volume of such erroneous data, VA will be able to estimate the extent such errors need to be reduced before automation becomes feasible.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator:

--Reduce the incidence of erroneous change of status data from schools.

--Conduct another test which is representative of typical VA operations and considers costs and benefits, including those related to handling erroneous change of status data. If the test indicates automation is not feasible at that time because of the extent of erroneous change of status data from schools, estimate the extent to which errors need to be reduced to make this feasible and be prepared to automate if this reduction is achieved.

SPECIAL PAYMENTS SHOULD BE LIMITED TO HARDSHIPS

Our report noted that hardship payments were originally established by VA to pay individuals suffering economic hardships because of delays in the processing of their regular benefit payments; however, in July 1974 VA dropped the term "hardship" and substituted the term "special" to more appropriately recognize the expanded use of these payments by regional offices.

We reported a substantial increase in use of special payments. We were concerned because special payments became overpayments substantially more often than regular payments because transaction data was not being verified with the Hines data center master records before benefit checks were issued.

In view of the higher frequency of overpayments, we recommended that VA limit the use of special payments to proven hardship cases.

VA responded that:

--To process payments promptly, it had instructed regions to use special payments when an entrance or a reentrance

award was authorized more than 30 days after the award was effective. This instruction was amended to permit use of regular awards if the payment can be made expeditiously.

--In fiscal year 1975,816,726 special payments had been made and 317,968 had been made during the first 6 months of 1976.

--Overpayments had been correspondingly reduced and this trend would continue.

--It planned to continue to monitor this area but the special payment could not be discontinued until the concern over timely payment was reduced.

VA issued to all regional offices, during April 1976, a circular requiring actions to reduce the incidence of special payments. The following VA statistics show that the number and amount of special payments have decreased since fiscal year 1975.

FY	Special payments	
	Number	Amount
1975	816,824	$431,125,589
1976	637,031	389,548,402
1977 (note a)	387,480	211,825,944

a/Estimate based on projections of actual data for first 10 months of fiscal year 1977--322,909 payments for $176,521,623.

All the regions visited showed a significant decrease in special payments during calendar year 1976; in two cases this occurred near the end of the year. Four of the six regions visited attributed this decrease at least partly to faster claims processing in their regions, which had reduced the need for special payments, rather than to limiting special payments to proven hardship cases. Reasons given for the faster processing were reductions in veteran enrollment in schools and improvements in procedures for processing claims. Two of these regions said that they were not following the VA instruction to use special payments when an entrance or a reentrance award is authorized more than 30 days after the award was effective. Instead they were using 40 and 60 days, respectively. Undoubtedly this accounts for a portion of the decrease in special payments.

The other two regions appear to have done more to restrict special payments to proven hardship cases. The regional director of one of the regional offices visited emphasized that the veteran must demonstrate actual need before receiving special payment. The other regions said that in October 1975 the central office had said it could discontinue the 30-day policy, so their policy was to make special payments only when a benefit award document had been rejected by Hines because of data errors or when the eligible person could demonstrate hardship.

Conclusions

The number and amount of special payments made by VA has decreased since fiscal year 1975. However, our limited test indicated that the reasons for this was not so much that the regions were restricting special payments to proven hardship cases but that faster claims processing had reduced the need for special payments. Also two regional offices visited were making special payments when entrance or reentrance awards were authorized for 40 or 60 days after the award was effective, rather than 30 days as required by VA.

Recommendation to the Administrator of Veterans Affairs

We recommend that to further reduce the incidence of special payments and their effect on overpayments, the Administrator limit the use of special payments to proven hardship cases.

INCREASE USE OF TELETYPE STOPPAYMENT NOTICES

We reported in March 1976 that in many cases the Los Angeles regional office could have prevented 1 month's overpayment by transmitting a teletype stoppayment notice to the Hines center when insufficient time remained for regular processing. We further reported that Hines used computer processing cycles to handle the transactions necessary to administer VA's compensation, pension, and educational assistance programs. To update VA's master records, data was to reach Hines by specific dates during the month. Under VA's compensation and pension programs and in accordance with operating procedures, regional offices routinely transmitted teletype stoppayment notices to Hines when normally processed notices would not arrive in time to prevent an overpayment. However, regional offices seldom used teletype stoppayment procedures for educational assistance benefits.

Central office and Los Angeles regional office officials said the regional offices were not required or directed to use the procedures to stop education payments. Central office officials said a feasibility study would be necessary before they would direct the regions to substantially increase such use. We believed such feasibility had already been demonstrated, and we recommended that regional offices be directed to expand the use of teletype stoppayment notices to halt overpayments.

VA responded it was drafting instructions for expediting the processing of change of status notices. These were to include use of teletype stoppayment notices when routine processing would not stop the next recurring payment. Also the instructions were to include use of telephone stoppayment notices.

In April 1976 VA issued Circular #20-76-23, which specified that:

--Stations should use teletype stoppayment notices when notices of termination for college students were received too late to be processed routinely and stop the next recurring payment.

--If the teletype action would not prevent release of the nonissued check, the postmaster should be requested to intercept and return the check.

--To expedite the process of stopping payments, field stations were authorized to accept telephone notices of terminations from school certifying officials.

VA statistics show that nationally the use of teletype stoppayment notices has increased dramatically since January 1976. From March to December 1975, Hines received an average of 445 such transactions per month in the education benefits system; however, from March 1 through December 17, 1976, such transactions averaged over 9,000 per month.

Four of the six regional offices visited did not keep statistics to show the trend in use of teletype stoppayment notices, but two said its use had increased. Another region told us that it had always stressed use of all stoppayment actions. The sixth region used optical character recognition equipment until November 1, 1976, as its primary system for transmitting stoppayment notices. On November 1, 1976, it began using cathode ray tube equipment, a part of the pilot

Target System, as its primary system; optical character recognition was the main backup. Through the pilot system, notices are electronically transmitted from the cathode ray tube equipment through a computer in Philadelphia to Hines. Regional officials considered the cathode ray tube system faster and more accurate than teletype.

Two regions visited issued instructions that telephone notices of terminations from school certifying officials would be accepted only on or after the 15th of the month, although they were not sure whether notification in the normal manner before this would be processed in time to stop the next recurring payment.

Conclusions

This recommendation has been largely implemented, but VA may have missed an opportunity for further implementation because of the lack of information on the individual regions' use of teletype stoppayment notices and the best time to have schools start telephoning terminations to regional offices.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator require regions to:

--Develop monthly statistics on the use of teletype and other stoppayment notices, so VA can monitor continuing efforts in this area

--Determine when a telephone call, rather than normal notification from schools, would be necessary to augment timely submission of stoppayment data to Hines.

CHAPTER 5

VA'S COLLECTION EFFORTS NEED STRENGTHENING

Our March 1976 report indicated:

--Collection of educational assistance overpayments had not kept pace with the increasing numbers of overpayments established annually.

--Overpayments outstanding had increased 3,450 percent, from $8.4 million at the end of fiscal year 1970 to $298.2 million at December 31, 1975.

--Overall, VA had collected about 75 percent of the overpayments and had waived, compromised, and written off as uncollectable about 4 percent. The remaining 21 percent were still pending disposition.

During our followup we found overpayments outstanding had increased from $298.2 million as of December 1975 to $462 million as of June 30, 1977, representing an increase of 5,400 percent since December 1970. Also overall VA has collected about 76 percent of the overpayments and has waived, compromised, and written off as uncollectable about 6 percent. The remaining 18 percent are still pending disposition.

We made recommendations to the Administrator of VA for improving VA's collection system. Following we discuss these and what VA has done to implement them. VA fully complied with one recommendation and did nothing on two. Overall it still needs to take substantial action to improve its collection system.

OVERPAYMENT ACCOUNTS BACKLOG INCREASING

Our March 1976 report stated that collection of existing overpayments had increasingly lagged behind the annual increases in overpayments. We reported that VA had centralized the collection of overpayments at St. Paul; however, the centralized system had not been able to keep pace with increasing numbers of overpayments. Problems noted were: (1) the computer system lacked the capacity to process all collection data daily and (2) personnel shortages caused backlogs in responding to veteran inquiries and establishing new case files. Accordingly, we recommended that VA improve the efficiency of the Centralized Accounts Receivable System's operations in processing cash collection actions and in responding to inquiries from persons who have been overpaid.

In a June 24, 1976, letter to the Chairman of the Senate Committee on Veterans Affairs, the VA Administrator indicated that the inadequacies of CARS could be attributed to constraints imposed by second generation equipment. He said that plans had been finalized to install third generation equipment at St. Paul for use in CARS.

During our followup we noted that since March 1976 VA had implemented the following major changes to improve CARS' efficiency.

--Starting June 1976 CARS began receiving an update of its master records seven or eight times a month from Hines data center rather than once a month. This allowed spreading out the workload to a more manageable level, more timely release of collection letters, and a more current reflection of the master record at Hines. Thus CARS was able to respond more accurately to veteran inquiries and reduce the release of erroneous collection letters.

--During October 1976 CARS started using cathode ray tube equipment. These gave CARS almost instantaneous access to information in master records at Hines for five regional offices rather than the 10 to 14 days previously. The cathode ray tubes allowed CARS to respond quickly and more accurately to veteran inquiries, cross-check benefit programs quickly, and reduce the need to contact the regional offices for information.

--During December 1976 CARS changed the return envelope for an account receivable to include a box for the veteran to indicate an address change. Previously, CARS depended upon clerks to check for changes and update as required. This should have increased the input of address changes thereby enabling CARS to reduce the misdirection of collection letters.

CARS was being redesigned in conjunction with the acquisition of an IBM 360/40 computer system by VA's data processing center at St. Paul. Implementation of the redesign was begun during August 1977. According to VA officials, the redesign would give the following benefits.

--Expansion of diary and reason codes from 100 to 1,000 actions would allow the computer to process more detailed instructions and to communicate more specific information to clerks on actions needed on an account.

--CARS could provide 35 rather than 20 computer-generated letters released on a cycle basis rather than on weekends only. This would provide more timely release of collection letters and eliminate the need to prepare some manually.

--An account receivable created under different deduction codes would be combined under one master record, eliminating the release of two identical collection letters to the same person.

--The separate address master record would be combined into one master record for all data pertinent to an account, eliminating the need to research two separate files.

--Award information relating to an account would be expanded from just the last award action to the last five. This would provide more information to respond accurately and quickly to veteran inquiries and would reduce reliance on Hines and regional offices.

--Automation of referrals to us, locator requests to local post offices and the Internal Revenue Service, and requests for credit reports would reduce the manual preparation of these items and would provide a faster turnaround.

At the time of our followup, we were advised that through extensive overtime CARS had reduced correspondence backlogs to about 16,200 letters. This compared to a backlog of over 48,000 letters in January 1976. We were advised that if the backlog increased, additional personnel would be shifted to CARS from other areas to reduce it.

From January 1975 through December 1976, collections by CARS of education overpayments totaled over $116.6 million. They increased from about $2.6 million during the third quarter of fiscal year 1975 to about $22.8 million during the transition quarter. For the first 7 months of fiscal year 1977, collections amounted to about $37.6 million.

The Finance Division at the St. Paul Veterans Administration Center did not make daily deposits of collections received. The timelag in making deposits varied between 1 and 3 working days. Due to the large volume of accounts in CARS, a daily update of the master records was not possible. Without an update, the Division did not know the proper application of collections which is required to make a deposit.

According to officials in St. Paul, this lag might continue after the CARS redesign because the new system also may not be able to process input data daily.

VA plans to increase the number of cathode ray tube machines at CARS and to expand the inquiry access at Hines to all regional office master records. The feasibility of this plan will depend on the implementation of the Target System, an advanced computer-based system now under development and designed to improve the current benefit claims processing procedures at Hines and the regional offices.

Conclusions

VA has improved or is improving the efficiency of CARS in processing cash collection actions and in responding to inquiries from those overpaid. There were delays of 1 to 3 working days in depositing overpayment collections because VA could not process CARS input daily. This might continue even after the system redesign is implemented.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator:

--See that the redesign of CARS is fully implemented as soon as possible.

--Be alert for opportunities for processing CARS input more promptly.

COLLECTION LETTERS NEED REVISION

Our March 1976 report stated that, according to school officials, regional office collection personnel, and St. Paul VA officials, VA's letters to overpaid individuals requesting repayment did not sufficiently explain the causes of the overpayments. We said that such data as rates used to compute overpayments and inclusive periods of overpayments were not provided in these letters. Accordingly, the individuals and VA personnel reading these letters generally could not adequately judge the accuracy of the overpayment amount. Therefore, we recommended that VA revise collection letters to fully explain the overpayments, including the periods and rates involved.

We also referred to a recommendation made by a VA task force in 1975 that the intervals between the first and second

collection letters be reduced from 60 to 30 days. The task force had found that letters sent after 30 days received few repayment responses. We concurred in the task force's findings and recommended that VA further reduce this interval.

VA responded that:

--When a lengthy or complex computation is necessary to explain an overpayment, it is advisable to perform a specific case review and to write a personal letter rather than to rely on a computer-generated letter.

--This was being done on a limited basis and VA would seek better ways of doing it.

--However, due to the priorities of other computer programing, VA might not be able to revise the letters during the immediate future.

VA stated that through the redesign of CARS, the interval between the mailing of the first and second letters was to be reduced to 30 days. VA was revising the first letter generated by the Hines center to include award data that would more fully explain the cause of an overpayment, i.e., explanation of the amount paid and the amount that should have been paid. No target date had been established for implementing the revision. A VA official said this revision should substantially reduce inquiries from veterans requesting explanation of overpayments.

During May 1976 VA revised four of its collection letters. The changes did not relate to our recommendations but rather tended to reduce the harshness of such letters. At the time of our followup, three letters were being used because two had been combined. Use of the other revised letters was being deferred until existing letter supplies had been exhausted.

Conclusions

VA's upcoming revision of the initial collection letter to more fully explain the causes of overpayments should do much to enable individuals and VA personnel to adequately judge the accuracy of the overpayment amount. But by not being responsive to our recommendation for reducing the interval between the first and second collection letters, VA has lost an opportunity to increase repayment responses.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator:

--Begin using the revised initial collection letter immediately.

--Reduce the interval between the first and second collection letters.

REVISING AWARD LETTERS

We reported that letters notifying veterans of eligibility and benefits, award letters, did not state that (1) they had overpayments outstanding or (2) future benefit payments would be withheld until the overpayments were recovered. Accordingly, we recommended that VA revise its award letters to provide this information.

In a June 24, 1976, letter to the Chairman of the Senate Committee on Veterans Affairs, the VA Administrator indicated VA was revising the supplemental award letter used to advise eligible persons of changes in their educational benefits.

During our followup, we noted that effective September 1976 the Hines center had modified its award letter. The letter advised the debtor, who was to continue receiving VA benefits, that an overpayment would be added to any prior debt other than to a special payment and that VA would withhold enough benefit payments to collect the total debt. If the prior debt was due to a special payment, no reference was made to it in the letter because the special payment was established in anticipation of an award which would liquidate it.

Conclusion

The modifications made to the award letter are responsive to our March 1976 recommendation.

COST OF VA'S COLLECTION EFFORTS UNKNOWN

We reported that the Federal Claims Collection Act of 1966 authorizes agencies attempting to collect debts of less than $20,000 owed the Government to terminate or suspend collection actions when costs of collection exceed the amount owed. A VA task force appointed to study, among other things, VA's policies, procedures, and controls governing the collection of overpayments noted in March 1975 that VA officials

could not adequately make the decisions authorized by the law because VA had not determined its costs of collection. The task force recommended that the VA Controller undertake a study to develop a system to capture and report all collection and other disposition costs for overpayments. We recommended that VA develop statistics to provide comprehensive data on collection costs that could be compared to potential recoveries so that collection costs would not exceed recoveries.

In a May 12, 1976, report of actions to implement task force recommendations, the VA Controller said a detailed cost system would be developed after Department of Veterans Benefits work measurement standards were implemented in October 1976. In the meantime VA determined CARS costs for January through December 31, 1975, and divided these by the cases CARS disposed of during that period to arrive at an average cost per case of $6.18. Since VA does not attempt to collect accounts receivable of $25 or less, its collection actions are apparently economically justified.

At the time of our followup, VA had implemented a work measurement system at CARS for use in determining labor costs and it was identifying other cost elements incurred in the accounts receivable collection process so that the amount of these costs could be determined. When all cost elements have been identified, a cost system will be implemented and criteria will be established for determining when collection efforts are not justified. VA could not advise us when the system would be completed.

Conclusion

We have not analyzed the one-time cost study made by VA, but it appears to be a reasonable basis for continuing ac counts receivable collection actions until the VA Controller develops and implements a detailed system to determine collection costs.

Recommendation to the Administrator of Veterans Affairs

We recommend that the Administratcr establish a date for timely completion of the detailed system to determine collection costs.

COLLECTION ACTION ON SPECIAL OVERPAYMENTS SHOULD BE MORE TIMELY

We reported that special payment transactions were held in suspense about 60 days before being converted to overpayments. Special payments were held 30 days in a suspense account at the Hines data center and 30 additional days at the St. Paul center before the first collection letter was sent. This schedule was adopted by VA to allow sufficient time for receipt of regular payment transaction documents at Hines. We recommended that VA improve the timeliness of collection actions on special overpayments by decreasing the period special payments are held in suspense awaiting such documents.

In a June 24, 1976, letter to the Chairman of the Senate Committee on Veterans Affairs, the VA Administrator indicated that in many instances, 2 or 3 weeks elapse between the time of a special payment and input of the regular payment transaction documents. If these inputs are rejected by the computer at Hines, additional time will be needed to correct them. He said that reducing the time to convert a special payment to a receivable and to issue a collection letter would result in erroneous collection action in most instances.

During our followup we noted that VA had not changed its procedures for holding special payments in suspense. The special payment is held in suspense at Hines for 3 to 7 weeks because the conversion to a receivable is made about the middle of the following month. Also each month Hines sends a message to VA regional offices on each special payment receivable inquiring why the receivable has not been offset.

This message was discussed with officials at one regional office visited. They acknowledged that action is supposed to be taken to determine the reason for the remaining balance when such messages are received; however, they admitted to not having control over the disposition of these messages. At our request the region initiated a spot check to identify the causes for messages. They found two basic reasons--non-receipt of documents from schools and unprocessed related award actions.

The Chief of the Finance Division at Hines told us that it would not be appropriate to send a collection letter to veterans earlier because the problem is basically one of timely input of award actions by VA regional offices.

The Centralized Accounts Receivable Chief at St. Paul said he did not foresee any adverse effect from holding a

special overpayment account in suspense at St. Paul for fewer than 30 days. He favored sending the collection letter immediately upon establishing the account in CARS because it was probably a valid overpayment. He also indicated that if VA regional offices followed required procedures in processing award actions, CARS would not receive erroneous special overpayment accounts.

Conclusions

Considering that special payments are held in suspense 3 to 7 weeks at Hines before converting them to receivables, VA, with a concerted effort to process award documents more promptly, can substantially reduce or even eliminate the period CARS waits before mailing collection letters for special overpayments.

Recommendations to the Administrator of Veterans Affairs

We recommend that the Administrator

--emphasize timely processing of award actions and

--substantially reduce or eliminate the period CARS waits before mailing collection letters for special overpayments.

LIMITED CROSS-CHECKING BETWEEN VA PROGRAMS TO COLLECT OVERPAYMENTS

Our March 1976 report stated that VA's data processing systems at Hines and St. Paul did not automatically cross-check between benefit programs, such as the educational assistance and compensation and pension programs, for overpayments that could have been offset against other program benefits. According to a 1975 VA study, arrangements were made for repaying only 14 percent of educational overpayment accounts for veterans receiving compensation or pension benefits. The study group estimated that over $6.4 million of the $134.7 million in overpayments outstanding on December 31, 1974, could have been recovered if these accounts had been screened and offset properly. Accordingly, the study group recommended that VA's compensation and pension system at Hines be modified so that educational assistance overpayment cases could be automatically matched to compensation and pension accounts and messages could be released to regional offices on these cases.

VA subsequently developed a method of using master record writeouts from Hines to identify debts that could be collected by offset procedures. Under this system, CARS automatically produces a tape of overpayment cases before such cases are referred to us as uncollectable. This tape is forwarded to Hines for determining if these veterans are receiving compensation and pension benefits. In about 10 to 14 days, Hines sends a printout to CARS listing veterans who have overpayments and are also receiving compensation and pension benefits. CARS in turn sends a letter to these veterans advising them of their indebtedness and that an amount will be withheld from their compensation and pension benefits to liquidate the outstanding indebtedness unless paid.

Even though VA had developed this semiautomatic cross-checking system, we recommended that it determine the feasibility of establishing an automatic cross-checking system for matching persons receiving compensation or pension benefits with their educational overpayment accounts so that collections can be accomplished by offset.

In responding to our March 1976 report, VA:

--Referred to the cross-checking procedure in CARS and said in every case when veterans drew compensation and also have education overpayments, offset was accomplished and no moneys were lost.

--The two systems were not designed to interrogate each other, and since problems at Hines had been more pressing and as important as collection of overpayments, it could not further jeopardize basic payment procedures by implementing new programs or procedures.

--The proposed Target System would have the capability of automatic cross-checking.

--A feasibility study would not be useful because the capability of Hines center has reached its outer limits.

During our followup we noted that VA had not automated the cross-checking between VA programs to facilitate collection of overpayments. It was using the same cross-checking procedures in effect during March 1976.

However, during March 1976 the VA central office instructed Hines to match educational records with overpayments

established before January 1, 1975, against the compensation and pension file. This match identified 10,000 cases when offset of compensation and pension benefits would result in recovery of educational overpayments. The regional offices were instructed to review each overpayment case under their jurisdiction and notify veterans that education overpayment would be recovered by offset. Hines told us that records were not available to identify the recoveries accomplished by the match.

CARS had three cathode ray tubes with inquiry access to the master records for five regional offices in the Hines data processing system. VA planned to add six more tubes at CARS as part of the Target System to allow inquiry access to all regional offices. This would reduce the time to identify offset possibilities from 10 to 14 days to the almost instantaneous identification already available at the five regional offices.

Conclusions

VA has not automated the cross-checking of education overpayments against payments being made under other programs. However, in view of the problems of implementing such a system, VA should continue to use its current cross-checking system.

CHAPTER 6

SCOPE OF REVIEW

In reviewing VA actions to implement the recommendations in our March 1976 report and to determine if VA had taken other actions to reduce its overpayment problem, work was performed at VA's

--central office in Washington, D.C.;

--regional offices in Los Angeles, Phoenix, St. Paul, Chicago, Boston, and Hartford;

--data processing center at Hines; and

--CARS in St. Paul.

We met with SAA officials in the States where these regional offices are located. Also we visited two schools within the jurisdiction of each of the regional offices, as follows:

Private universities

Northeastern University, Boston
University of New Haven, West Haven, Connecticut

State-supported universities

Arizona State University, Tempe
California State University, Los Angeles
Southern Illinois University, Edwardsville
University of Minnesota, Minneapolis

Junior/community colleges

North Hennepin Community College, Minneapolis
Olive Harvey College, Chicago
Phoenix College, Phoenix
South Central Community College, New Haven, Connecticut
Springfield Technical Community College, Springfield, Massachusetts

Technical school

Los Angeles Trade Technical College

During our previous review, we did work at the Los Angeles regional office. The schools included in our followup were selected primarily because they had

--a large veteran enrollment,

--a large volume of overpayments per veteran,

--Vet-Reps and work-study students, and

--a recent VA compliance survey or SAA visit.

At the above locations we interviewed veterans and VA, SAA, and school officials and reviewed legislation, regulations, guidelines, procedures, and records on the prevention and collection of educational assistance overpayments. Since the locations visited do not represent a scientific sample, data gathered is not necessarily representative of the national situation.

PRINCIPAL VA OFFICIALS RESPONSIBLE FOR ADMINISTERING ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
ADMINISTRATOR OF VETERANS AFFAIRS:		
J. M. Cleland	Mar. 1977	Present
R. L. Roudebush	Oct. 1974	Feb. 1977
R. L. Roudebush (acting)	Sept. 1974	Oct. 1974
D. E. Johnson	June 1969	Sept. 1974
W. T. Driver	Jan. 1965	May 1969
DEPUTY ADMINISTRATOR OF VETERANS AFFAIRS:		
R. H. Wilson	Mar. 1977	Present
Vacant	Jan. 1977	Mar. 1977
O. W. Vaughn	Nov. 1974	Jan. 1977
Vacant	Oct. 1974	Nov. 1974
R. L. Roudebush	Jan. 1974	Oct. 1974
F. B. Rhodes	May 1969	Jan. 1974
A. W. Stratton	Nov. 1967	May 1969
Vacant	Sept. 1967	Nov. 1967
C. F. Brickfield	Feb. 1965	Sept. 1967
CHIEF BENEFITS DIRECTOR:		
D. Starbuck	May 1977	Present
A. J. Bochicchio (acting)	Mar. 1977	May 1977
R. H. Wilson	Jan. 1975	Mar. 1977
J. J. Mulone (acting)	Nov. 1974	Jan. 1975
O. W. Vaughn	Mar. 1973	Nov. 1974
O. B. Owen	Feb. 1970	Mar. 1973
R. H. Wilson	July 1969	Feb. 1970
A. W. Farmer	Nov. 1967	July 1969
A. W. Stratton	Feb. 1965	Nov. 1967
CHIEF DATA MANAGEMENT DIRECTOR:		
W. R. Martin	Oct. 1975	Present
W. R. Martin (acting)	Aug. 1975	Oct. 1975
R. T. Brown	Aug. 1974	July 1975
P. J. Budd	July 1963	July 1974